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ARIZONA CORPORATION COMMISSION

Brian McNeil
Executive Secretary

Direct Line: (602)542-3935
Fax: (602)542-0752
E-Mail wmundell@azcc.gov

August 16, 2005

Re: Environmental Portfolio Standard, Docket No. RE-00000C-05-0030

Dear Colleagues and Parties to the Docket:

I heartily agree with the concerns that the Chairman expressed in his August 16, 2005, letter in this docket. As my colleagues know, I have been troubled about the surcharge cap for small businesses since the Staff Report recommended increasing it.

As I stated in my letter dated June 13, 2005:

The most pressing concern that I have with the funding under the proposed Rules is the degree to which small business owners will be impacted by the increase in the surcharge cap from \$13 to \$75 per month. You may recall that when the current incarnation of the Rules was adopted, it was my amendment that changed the surcharge cap for small businesses to \$13 per month instead of the \$39 per month cap imposed on larger non-residential customers. The justification for my position then was that while the large commercial customers of Arizona could easily afford an extra \$39 per month, it would impose too great a burden on local barber shops, restaurants, and every other small, family-owned business. The grounds for my prior conclusion are even more valid when applied to the proposed Rules – if \$39 a month was too great a burden four years ago, then \$75 a month surely is today.

Many small businesses, as well as farms, operate on thin margins. The concerns raised by Senator Arzberger and the Farm Bureau reinforce my position on the level of the surcharge cap.

Sincerely,

A handwritten signature in black ink, appearing to read "William A. Mundell".

William A. Mundell, Commissioner
Arizona Corporation Commission

cc: Senator Marsha Arzberger
Brian McNeil
Ernest Johnson
Ray Williamson
Heather Murphy